New Mexico Agricultural Statistics Service

Weekly Ag Update

Issue 52-13 1-800-530-8810 e-mail: nass-nm@nass.usda.gov March 25, 2002

INCLUDED IN THIS ISSUE

Crop Weather ERS

Available on internet at: www.nass.usda.gov/nm OR by e-mail: (call 1-800-530-8810 for information)

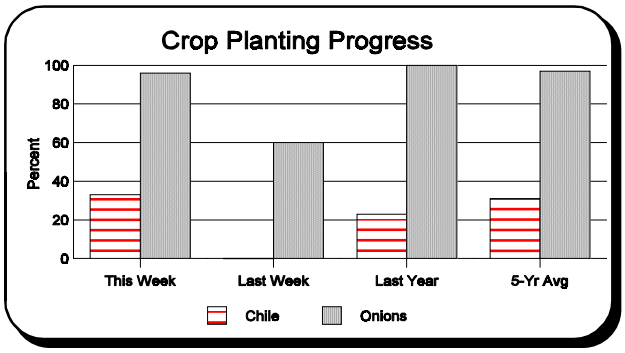
CROP SUMMARY FOR THE WEEK ENDING MARCH 24, 2002

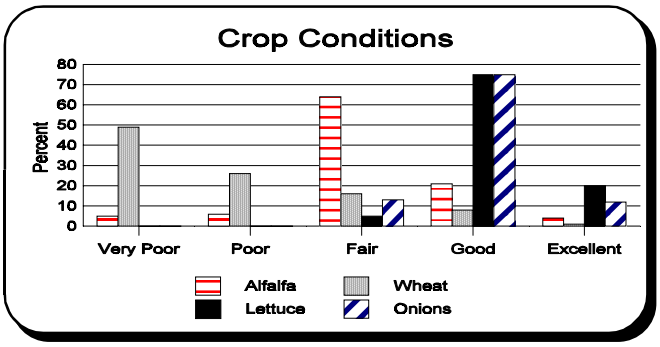
NEW MEXICO: There were 6.2 days suitable for field work. Crops in the north remained dormant, but farmers were starting to clean ditches and prepare fields for planting. In the southern areas of the state farmers were busy fighting the wind, planting, irrigating, and applying fertilizer. Forty-eight percent of the state received wind damage. Alfalfa was looking good with over half of the crop in fair to excellent condition. Total wheat was in very poor to good condition with 33% being grazed. Lettuce, cabbage and spinach were in mostly good to excellent condition. Onion planting was 4% away from being completed and was reported in fair to excellent condition. Chile was 33% planted. Ranchers are supplemental feeding much later than normal this year, with hopes for more rain to keep the drought conditions under control. The high winds have managed to keep water levels up and calving continued across the state. Pasture and range feed conditions were listed as 38% very poor, 40% poor, 19% fair, and 3% good.

CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
Grazed	Wheat	33	44	--	--
Planted	Chile	33	1/	23	31
	Onions	96	60	100	97

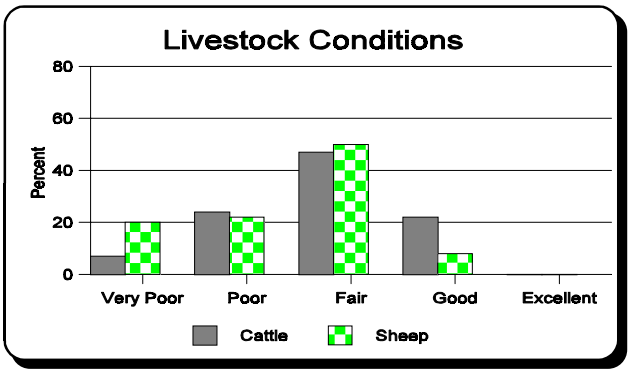
1/ Not Available.





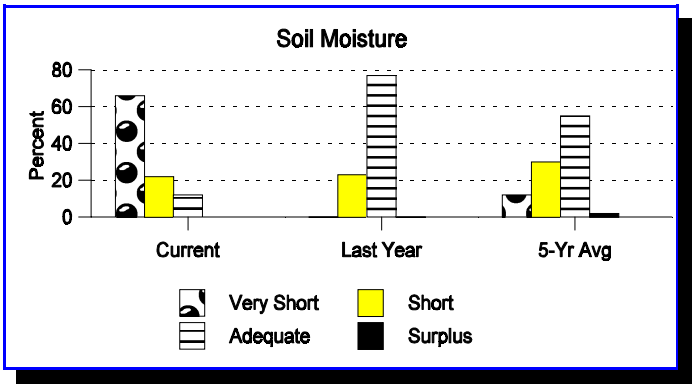
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	5	6	64	21	4
Lettuce	--	--	5	75	20
Onions	--	--	13	75	12
Wheat (All)	49	26	16	8	1
Cattle	7	24	47	22	--
Sheep	20	22	50	8	–



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	41	35	22	2
Northeast	87	13	--	--
Southwest	67	17	16	--
Southeast	56	24	20	--
State	66	22	12	--
State-Last Year	--	23	77	--
State-5-Yr Avg.	12	30	55	2



WEATHER SUMMARY

The week began with showers across southeast and east central areas of the state and then ended with gusty and drying winds that fanned wildfires in the south central mountains. Overall, conditions remained warm and dry across the western two-thirds of the state. Rangelands from Tucumcari south to Roswell and Carlsbad received their first significant moisture of the past several months with amounts generally under one-half inch, but Roswell reported over an inch. Big swings in daytime temperatures across all of the eastern plains reflected the arrival and then the retreat of cool air that helped spawn the gusty winds that closed the week.

NEW MEXICO WEATHER CONDITIONS MARCH 18-24, 2002

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	03/18 03/24	03/01 03/24	Normal Mar	01/01 03/24	Normal Jan-Mar
Carlsbad	53.0	87	26	0.21	0.21	0.30	0.96	1.00
Tatum	46.6	80	22	0.61	0.61	0.52	1.82	1.41
Roswell	47.7	84	25	1.38	1.38	0.45	1.88	1.34
Clayton	44.0	81	13	0.00	0.00	0.55	0.13	1.10
Clovis	46.4	81	19	0.23	0.23	0.59	0.58	1.49
Roy	43.2	72	19	0.00	0.00	0.55	0.22	1.32
Tucumcari	45.6	81	19	0.66	0.66	0.40	1.26	1.13
Chama	36.8	63	13	0.02	0.14	1.99	0.51	5.34
Johnson Ranch	39.3	71	10	0.00	0.00	0.74	0.21	1.98
Capulin	36.8	72	8	T	0.03	0.89	0.48	1.85
Las Vegas	41.9	70	15	0.00	0.00	0.56	0.24	1.27
Los Alamos	41.0	64	19	0.00	0.03	1.22	0.78	2.88
Raton	39.1	71	12	0.00	0.02	0.83	0.49	1.84
Santa Fe	41.9	69	16	0.00	0.00	0.74	0.56	2.06
Red River	34.0	58	9	0.03	0.64	1.78	2.07	4.07
Farmington	45.7	71	13	T	0.11	0.81	0.14	1.97
Gallup	41.2	72	9	T	0.18	1.05	0.37	2.59
Grants	42.5	70	13	0.00	0.04	0.50	0.42	1.50
Silver City	45.6	71	21	0.00	0.00	0.96	0.00	3.37
Quemado	41.0	71	8	0.00	0.00	0.80	0.10	2.35
Albuquerque	50.4	75	29	0.00	0.00	0.54	0.41	1.44
Carrizozo	49.8	75	20	0.00	0.00	0.57	1.02	1.74
Gran Quivera	44.4	71	17	0.00	0.00	0.72	0.45	2.24
Moriarty	40.8	73	10	0.00	0.00	0.53	0.44	1.44
Ruidoso	43.6	67	18	0.00	0.00	1.33	0.86	3.61
Socorro	51.1	82	18	0.00	0.00	0.27	0.31	1.05
Alamogordo	52.4	79	27	0.00	0.00	0.46	0.06	1.67
Animas	54.1	79	28	0.00	0.00	0.47	1.28	1.66
Deming	52.8	81	28	T	0.00	0.34	0.85	1.36
T or C	52.1	80	26	T	0.00	0.34	0.13	1.18
Las Cruces	54.7	85	30	0.00	0.00	0.22	1.20	1.05

(T) Trace (-) No Report (*) Correction
All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

Milk Output Grows

Milk production was well above year-earlier levels between November and January, although these gains owed more to weakness a year earlier than to any real strength in recent months. By January, milk production was almost 2 percent larger than a year ago, as a more than 2-percent gain in milk per cow easily outweighed a fractional decline in cow numbers. Even so, growth in milk per cow from the 5-year average stayed considerably below trend.

Recovery in milk production continues to be limited by the inability of replacement heifer supplies to keep up with rising demand. The January price of dairy replacements was down seasonally from October but up more than a fifth from any January reading. Record prices came in the face of relatively large supplies of replacement heifers. The January 1 inventory showed a record 44.6 dairy replacements (500 pounds and over) per 100 milk cows. But, culling rates have increased to the extent that these supplies were insufficient to sustain recent culling and provide heifers for expanding farms.

The heifer situation has affected milk cow numbers by discouraging expansions and delaying how quickly expanded facilities can be brought to capacity. However, the effect on cow numbers has been mitigated by keeping some cows that normally would have been culled and probably by selling an abnormally large share of cows from exiting herds as replacement cows. Unusual retention of inferior cows contributed to weakness in average milk per cow.

Tight supplies of good alfalfa hay remain a nagging problem, affecting milk per cow and even cow numbers. Last year's forage quality was quite uneven, with some poor and some good hay produced in most regions. Low stocks of good hay at the end of the previous feeding season, growth in the Western dairy herd, and recovery in alfalfa exports boosted prices in the spring of 2001. More recently, prices have eased, particularly for lower quality alfalfa. Mild autumn and winter weather reduced demand for hay for beef cows and allowed stocks of all hay to move above a year earlier. In addition, crumbling demand for Japanese beef has reduced export pressure on dairy hay. However, tight supplies of good forage probably will continue to limit growth in milk per cow.

Prices of concentrate feed are expected to stay fairly low in 2002, dominated by large grain supplies. Milk-feed price ratios will not be quite as favorable to increased concentrate feeding as they were during 2001, but producers will still have relatively ample incentive to give cows all they can handle. However, farmers do not respond as much as they once did to the milk-feed price ratio because of today's more complex feeding.

The expected large decline in returns over concentrate costs in 2002 probably will not affect rates of structural change greatly. Returns over concentrate costs are projected to average $10.00-10.50 per cwt of milk this year, down from about $12 in 2001. In recent years, returns have exceeded $11 per cwt in 4 of the last 6 years, providing considerable incentive for expansion by the stronger farms. However, growth has been slowed by tight heifer and hay supplies and by increasingly restrictive environmental requirements. This pent-up growth is likely to express itself despite 2002 returns. On the other side, the generally strong returns of recent years and 2002 returns that remain above the relatively low levels of 2000 and 1997 probably will keep the exit of weaker farms from accelerating much. Even so, these farms commonly remain under long-run income stress. Also, many of these farms received their last major investment about 20 years ago and may not be able to continue long without new capital.

Milk cow numbers are expected to slip slightly from current levels as 2002 progresses, running fractionally below a year earlier. Meanwhile, milk per cow is projected to recover and post gains of about 3 percent from a year earlier. In spite of these relatively large year-to-year increases, milk per cow is not expected to return to trend levels. Milk output in 2002 is projected to rise 2 to 3 percent with fairly steady increases through the year.

UNITED STATES DEPARTMENT OF AGRICULTURE
NEW MEXICO AGRICULTURAL STATISTICS
PO BOX 1809
LAS CRUCES, NM 88004-1809

WEEKLY AG-UPDATE (USPS 418330) published weekly by USDA NASS, 2507 Telshor Blvd, Las Cruces, NM 88011. Periodical postage paid at Las Cruces, NM 88001 and additional mailing offices. POSTMASTER: Send address changes to AG-UPDATE PO Box 1809, Las Cruces, NM 88004-1809

Milk production and milk per cow slipped 1 percent in 2001, as milk per cow was essentially unchanged on a daily average basis. Winter and summer weather stress, forage quality problems, and unusual culling battered milk per cow, keeping it generally below a year earlier from November 2000 through August 2001. Lagged effects of the relatively low 2000 returns pushed milk cow numbers down through mid-2001. Cow numbers were fairly flat during the second half and might have grown if expansions had been as relatively unencumbered as in the past.

Dairy Prices Lower

Wholesale dairy prices are not expected to change much until summer nears, although they may be far from steady. Production increases probably will be large, and the ability of demand to absorb the supply increase will be unclear. Moderate seasonal increases in butter and cheese prices are expected during the second half of the year. If international butter prices do not recover, over-TRQ imports of milkfat could be a much more significant limiting influence than last year.

Farm milk prices are expected to run below a year earlier until at least autumn. Even if markets turn out much tighter than currently expected, considerably stronger production and weaker demand growth than in 2001 seem fairly certain. Farm milk prices are projected to fall an average $1.50-2.00 per cwt in 2002. Like the second half of 2001, the values of milk for butter-powder and for cheese are expected to stay closer together than they did during 2000 and the first part of 2001.

The average price received for milk was almost $15 per cwt in 2001, up $2.60 and the second highest ever. Prices of milkfat soared during the middle of the year when production faltered and demand stayed robust. Since 1996, milk prices, although quite volatile, have averaged $1.60 per cwt above the 1980-95 trend. Retail prices of dairy products are expected to stay near current levels during 2002. For the year, retail prices are projected to rise an average 2-3 percent from a year earlier. The farm-to-retail price spread will widen considerably after falling in 2001. Dairy price spreads have been relatively volatile in recent years as retail prices changed much slower than did farm and wholesale prices.